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MINISTRY OF STEEL, MINES AND HEAVY ENGINEERING

(Department of Iron & Steel)

NOTIFICATION

New Delhi, the 29th February 1964

SUBJECT:—Directive to Departments about revised system of distribution of iron and steel.

S.O. 730.—In exercise of the powers conferred by Clause 17 of the Iron & Steel (Control) Order 1956, the Central Government is pleased to give the following directions as to the procedure to be followed by the concerned authorities in connection with the distribution of Iron & Steel. These directives will take effect immediately.

Controlled and Free Categories;

2. With immediate effect, statutory control over prices and distribution of iron and steel materials other than the following will be withdrawn:—

- (i) Pig iron including ingot moulds and bottom plate.
- (ii) Billets including tin bars.
- (iii) Tinplates.
- (iv) Black Sheets (Plain) including Coils.
- (v) Black Sheets (corrugated).
- (vi) Galvanised sheets (Plain).
- (vii) Galvanised Sheets (corrugated).
- (viii) Plates.
- (ix) Skelp.
- (x) Hoops and Wide strips.
- (xi) Defective material of any of the above noted categories.

The above mentioned categories will be known as 'controlled categories' and all others as 'free categories'.

System of Indenting and Planning

3. A Joint Plant Committee is hereby constituted with the following personnel to take over the functions at present performed by the Iron & Steel Controller in regard to planning and distribution of indents and rolling programme:—

1. Iron & Steel Controller—*Chairman*.

2. One representative of each main steel plant i.e. Tata Iron & Steel Co. Ltd.,
Indian Iron & Steel Co. Ltd.,
Hindustan Steel Limited, Rourkela,
Hindustan Steel Limited, Bhilai,
Hindustan Steel Limited, Durgapur.
3. A representative of the Railway Ministry.

The Joint Plant Committee may obtain from the producers, indentors and the authorised dealers such information and data as it may require in connection with the planning of production, scrutiny of indents and allocation to different plants. The Joint Plant Committee may also form such statistical and other units as may be necessary for this purpose.

The Committee will handle all indents for controlled categories and such indents of free categories as are to be executed by the main steel plants. Indents for free categories which are to be procured from the Re-rolling Mills and Secondary producers including Mysore Iron & Steel Limited will not be handled by this Committee. The Committee may formulate terms and conditions which are to be fulfilled by the indentors of decontrolled categories for acceptance of indents by them. The Committee should give wide publicity to the procedure to be followed by the indentors in this regard and introduce revised forms of indents, if necessary. Meanwhile they will accept indents in the forms at present laid down by the Iron & Steel Controller and also adopt the current indenting procedure laid down by him.

Distribution of Controlled Categories

The existing system of distribution of controlled categories will continue with the exception that all indents supported by quota entitlements shall be sent to the Joint Plant Committee instead of the Iron & Steel Controller. Joint Plant Committee will also plan indents for tinplates on Tinsplate Co. of India and Messrs. Khemchand Rajkumar and indents for cotton and jute baling hoops on Messrs. J. K. Iron & Steel Co. and any other manufacturer producing this material. The producers of tinplates and hoops shall not sell their products except against planings by the Joint Plant Committee.

The Joint Plant Committee will not deal with indents for Box Strappings or Narrow Cold Rolled Strips which will be treated as free categories.

Quota Allocations

The Iron and Steel Controller will communicate bulk six monthly allocations of different controlled categories to the sponsoring authorities, with the approval of the Department of Iron and Steel. Before making these bulk allocations, the Iron & Steel Controller will make a realistic estimate of the domestic production in consultation with the producers so that backlog of orders on the producers is always kept at an optimum level. Iron & Steel Controller will also collect demands from the Sponsoring Authorities and those of the priority indentors from the Steel Priority Committee. The six monthly allocations will be made only to the extent of anticipated domestic production. Supplies of imported steel will normally supplement indigenous supplies. Allocation of imported steel will be made by the Iron & Steel Controller with the general approval of the Steel Priority Committee, particularly with regard to requirements of priority indentors. On receipt of bulk allocations, the Sponsoring Authorities will send a consolidated statement of quota entitlement of individual consumers to the Joint Plant Committee and also intimate the entitlements to the consumer concerned. These quota-holders should then submit their indents to the Joint Plant Committee supported by the original letter of quota entitlement issued to them by the Sponsoring Authorities. The quota-holders whose entitlements are too small to be indented for on the producers direct will be required to book their orders through stockists as at present. The present system of procurement and distribution of state quotas through Registered Stockists will continue with regard to all Controlled categories.

Steel Priority Committee:

A standing steel Priority Committee is hereby set up with the following personnel:—

1. Secretary, Department of Iron & Steel—*Chairman*.
2. Secretary, Department of Technical Development.

3. Secretary, Planning Commission.
4. Secretary, Ministry of Finance (Department of Economic Affairs).
5. Iron & Steel Controller—Member-Secretary.

The Secretariat of the Priority Committee will be located in the Department of Iron & Steel. This Secretariat will evolve forms in which various Ministries and Departments entitled to apply for priority allocations, will submit their demands on a six monthly basis. The demands to be considered for priority grading are the following:

Priority 'A'.—Defence demands which will be collated, screened and submitted to the Secretariat of the Priority Committee by the Ministry of Defence.

Priority 'B'.—Railways, Transport and Communications, basic industries, agriculture, small-scale industries and important projects. These demands will be collated, screened and sponsored by the Ministries of the Central Government responsible for the matters mentioned above. The Steel Priority Committee will, before taking decision about the six monthly allocation of priorities, generally hold discussions with the Sponsoring Ministries.

Distribution Agencies:

It has been decided to abolish the present system of controlled and registered stockholders in so far as distribution of free categories are concerned. The producers are, free to recognise anyone as a trader in steel of free categories after satisfying themselves of his credentials. Such traders will be known as authorised dealers. Authorised dealers can be appointed either by the Joint Plant Committee or by the individual producers. Whereas free categories of steel can be indented for by a dealer even if he is not an authorised dealer, the indents for controlled categories will be accepted by the Joint Plant Committee only from dealers appointed by the Iron & Steel Controller as controlled and registered stockholders. These stockholders dealing in controlled categories will be required to sell such materials at prices fixed by the Iron & Steel Controller and only to persons holding quota entitlements. For the time being, therefore, the existing controlled and registered stockholders will all continue to deal with controlled categories as at present and their existing terms and conditions of appointment will be continued to be operative until these are altered by the Iron & Steel Controller.

Pricing:

The prices of controlled categories of steel will be fixed by the Iron & Steel Controller with the approval of the Central Government as at present. The present 3 column price structure for controlled categories will also continue unaltered for the time being. There will be no free or open market for controlled categories of steel.

In the case of free categories, Government will not fix prices. The Joint Plant Committee may determine, announce and list prices—base prices as well as extras—from time to time. These will be ex-works prices. In order to continue the present system under which buyers of steel all over the country pay the same railway freight irrespective of the distance from the source of supply, the Joint Plant Committee should add a fixed element of equalised freight to the ex-works prices announced from time to time. The main producers will continue to pay the actual freights and will make appropriate adjustments with the Freight Equalisation Fund to be administered by the Joint Plant Committee. The Joint Plant Committee will perform the function of freight equalisation for controlled categories also.

Re-rolling Industry:

The re-rolling industry will be supplied billets at uniform f.o.r. destination prices. The Iron & Steel Controller will make bulk six monthly allocations to each individual re-roller and communicate these allocations to the Joint Plant Committee, the re-rollers concerned and the Steel Re-rolling Mills Association. To the extent of these allocations, the Joint Plant Committee will accept indents from the individual re-rollers and arrange for supply at price fixed by the Iron & Steel Controller. There will, however, be no planning of any indent on the re-rollers by the Joint Plant Committee, or the Iron & Steel Controller and they will be free to book orders from any consumers or trader. There will also be no equalisation of freight for the re-rollers who are free to fix their own prices. The Steel Re-rolling Mills Association, however, may announce and list the prices from time to time for general information. The Iron & Steel Controller will ensure that the main

producers fix a reasonable price for bars and rods and that such prices do not cause undue hardship to re-rollers.

Wire drawing units:

The products of the wire drawing units i.e., all types of drawn wires and wire products are treated as free categories. Control over both price and distribution of these materials, therefore, stands withdrawn.

Equalisation fund:

Consequent on the removal of statutory control over price of the bulk of steel production and the decision to entrust freight equalisation to the Joint Plant Committee, there is no further need to continue the operation of the Equalisation Fund. Government have therefore decided that as from the 1st March 1964 there shall be no new transactions involving payment either to or from the Equalisation Fund. Accruals to the Fund and payments therefrom resulting from the previous transactions will, however, continue.

[No. SC(A)-24(113)/63.]

N. SUBRAHMANYAM, Addl. Secy.